



Early access to superannuation

The Federal Government has announced changes to grant Australians impacted by COVID-19 early access to their superannuation accounts.

To be eligible, an individual has to apply through the Australian Taxation Office (ATO) and must satisfy one or more of the following criteria:

- They are unemployed.
- They are eligible to receive the job seeker payment, or other social service benefits.
- Since January 2020 they have either been made redundant or had their working hours reduced by 20% or more.

If eligible, a person will be able to withdraw \$10,000 before 30 June 2020, and a further \$10,000 between 1 June 2020 and 24 September 2020. This equals a total allowable withdrawal of \$20,000 if a person chooses to access their superannuation in both time periods.

Understanding the impact on your retirement

While some people may need to access their superannuation to deal with the financial challenges presented by COVID-19, it is important that members think carefully about this issue. If you have questions you speak to your delegate, organiser and most importantly their industry superannuation fund.

It is important individuals approach the scheme with caution, taking into account the many possible consequences of withdrawing their superannuation early.

- **Crystallising losses** – investment markets are at relatively low levels due to volatility created by the COVID-19 pandemic. Taking money out now means a person will be selling their assets at the bottom of the market, and lose the opportunity to reclaim those losses as the economy regains traction.

- Losing the compounding effect – superannuation funds accumulate additional value beyond their investment returns over time, because the returns are compounded. A \$20,000 withdrawal could result in several hundred thousand less over the course of a person’s working life.
- Losing access to insurance cover – many superannuation funds provide insurance cover when a fund’s balance exceeds a certain amount. Withdrawing super could potentially mean losing access to that cover.

Before accessing superannuation early, members should consider these potential consequences.

You should contact your industry superannuation fund for specific financial advice.

Members should also review other financial support options available to them. Details of other programs can be found on www.treasury.gov.au and www.dss.gov.au.

